

Message Text

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ACTION EUR-12

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P 101651Z MAY 78
FM AMEMBASSY LONDON
TO SECSTATE WASHDC PRIORITY 5993
TREASURY DEPT WASHDC PRIORITY
AMEMBASSY BONN
AMEMBASSY PARIS

C O N F I D E N T I A L LONDON 07379

USEEC
USOECN ALSO FOR EMBASSY

PASS EXIM FOR ALBRIGHT, SHAFFER; TREASURY PASS RYSS

E.O. 11652: GDS
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SUBJECT: DISCUSSIONS ON OECD AIRCRAFT STANDSTILL

REFS: (A) RYSS/MCCOWN MAY 2 TELCON; (B) BONN 8218;
(C) BRUSSELS 8747; (D) PARIS 14864

1. MALCOLM WIDDUP, UNDERSECRETARY, HMT, WHO WOULD HAVE
HEADED UK TEAM IN BILATERAL DISCUSSIONS WITH US WEEK OF
MAY 22 CALLED TREASURY REP TO REPORT THE FOLLOWING. AS A
RESULT OF A BRUSSELS MEETING THAT HAS JUST TAKEN PLACE,
THE COLLECTIVE VIEW OF EC MEMBERS AND THE COMMISSION IS
THAT A MULTILATERAL DISCUSSION WOULD NOW BE MORE PROFIT-
ABLE THAN A BILATERAL DISCUSSION. THIS CONCLUSION IS
PROMOTED IN PART BY OPPOSITION FROM SOME MEMBER COUNTRIES
(GERMANY) AND IS LINKED TO A REPORT THAT THE US BILATER-
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AL TEAM NOW WOULD INCLUDE REPRESENTATIVES FROM TREASURY,
EX-IM BANK AND THE STATE DEPARTMENT. IT APPEARS MUCH
MORE A FORMAL GROUP THAN THAT ORIGINALLY SUGGESTED FOR
INFORMATION DISCUSSIONS.

2. WIDDUP CONTINUED SAYING THAT THE UPSHOT IS THAT THE
COMMISSION WILL CALL THE US DELEGATION IN BRUSSELS AND

SUGGEST THAT INTERESTED EC MEMBER COUNTRIES AND THE COMMISSION MEET IN BRUSSELS ON JUNE 1.

3. WIDDUP SAID IT WOULD NOW BE AWKWARD TO PROCEED WITH THE US-UK BILATERAL AS ORIGINALLY PLANNED. HE IS PERSONALLY SOMEWHAT EMBARRASSED AND OFFERED APOLOGIES. THE QUIET US-UK TALKS WOULD HAVE BEEN BILATERAL IN SUBSTANCE WITH NO COMMITMENT FROM THE/UK SIDE. THEY WOULD HAVE BEEN WELCOME (ALTHOUGH OTHER EC MEMBERS DISAGREE). THE UK IS NOW DISPOSED TO GO ALONG WITH THE EC CONSENSUS AND DOES NOT SEE HOW PROGRESS CAN BE MADE OTHERWISE. WHEN OFFERING HIS PERSONAL APOLOGY, WIDDUP SAID THE UK IS IN AN AWKWARD POSITION AND WOULD FIND IT HARD TO PROCEED IN DISREGARD OF THE VIEWS OF OTHER EC MEMBERS. HE NOTED WITH PLEASURE THAT THE UK DID HAVE AT LEAST A GOOD INITIAL EXCHANGE OF SUBSTANCE WITH EX-IM CHAIRMAN MOORE ON APRIL 28.

4. IN REPLY TO OUR QUESTION, WIDDUP SAID THAT THE PROBLEM IS WITH THE GERMANS AND THE EC COMMISSION, ALTHOUGH THE INCLUSION OF A STATE DEPARTMENT OFFICIAL IN THE US DELEGATION REINFORCED THE FORMER'S VIEWS.

5. COMMENT: EMBASSY LONDON VERY MUCH REGRETS THIS DEVELOPMENT. ON APRIL 28, EX-IM CHAIRMAN MOORE HAD A PRELIMINARY DISCUSSION WITH RUSSELL BARRATT, DEPUTY SECRETARY. CONFIDENTIAL

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TARV,HMTREASURV, ON ECGD'S ROLE IN THE RECENT PANAM ROLLS-ROYCE DEAL. THE CONVERSATION WAS HELD BRIEF, BY MUTUAL CONSENT, ON THE UNDERSTANDING THAT TECHNICAL QUESTIONS ON THE PACKAGE WOULD BE CONSIDERED IN THE INFORMAL BILATERALS SCHEDULED FOR THE WEEK OF MAY 22.

6. EMBASSY LONDON WELCOMED AND ENCOURAGED THE PROPOSED BILATERAL TALKS. THE PROPOSED DISCUSSIONS WERE TO BE OF A TECHNICAL NATURE. GIVEN ECGD ACTION ON AIRCRAFT, WE HAVE REASON TO DISCUSS THESE MATTERS WITH UK ON A BILATERAL BASIS, IN PART TO BETTER UNDERSTAND UK MOTIVATION IN OFFERING TERMS THAT EX-IM BANK HAS PUBLICLY DESCRIBED AS "IN VIOLATION OF THREE BASIC PRINCIPLES OF THE LIMITED AIRCRAFT UNDERSTANDING TO WHICH THE BRITISH GOVERNMENT SUPPOSEDLY ADHERED." SEEN FROM LONDON, IT IS A PITY THAT OPPOSITION FROM THE GERMANS AND EC COMMISSION PREVENTS THE US FROM INFORMALLY DISCUSSING A SERIOUS BILATERAL QUESTION BILATERALLY.

STREATOR

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